



Statement of The Insurance Association of Connecticut

Labor and Public Employees Committee February 7, 2023

HB 6594 – An Act Concerning Noncompete Agreements

I am Brooke Foley, General Counsel of the Insurance Association of Connecticut (IAC).

The IAC is a state-based trade association representing Connecticut's property and casualty insurance industry and Connecticut's life insurance and financial security industries. Among other insurance-related products, IAC members offer (i) homeowners' insurance, (ii) auto insurance, (iii) workers' compensation insurance, (iv) liability insurance, (v) group benefits, (vi) life insurance, (vii) annuities, (viii) retirement plans, (ix) long-term care insurance, (x) disability income insurance, and (xi) reinsurance.

The IAC opposes HB 6594. Noncompete agreements provide protection for all businesses that use them, including insurance companies, from the loss of trade secrets, emerging technologies, and other confidential and proprietary information. The courts and other sections of the general statutes have already significantly restricted use of these agreements in a way that balances the interests of employers and employees while ensuring appropriateness of scope, geography, and duration.

Clearly, there are circumstances where such agreements may not be appropriate. However, the restrictions proposed in this bill would remove the protections noncompete agreements provide to businesses in circumstances where they are needed most.

The bill also renders unenforceable any noncompete agreement where the employment relationship is ended where the worker terminates the employment relationship for good cause. Thus, a worker who mistakenly believes they had good cause to end an employment relationship could cause irreparable economic harm to an employer before a court could validate or invalidate their claim.

Noncompete agreements and exclusivity agreements provide critical protections for the insurance companies and other businesses. Again, these agreements are already highly restricted to protect employees and are critical to preventing economic harm caused by the loss of a business' most important assets.

We urge the committee to reject HB 6594. Thank you.